

EXHIBIT B

BY-LAWS OF CHELSEA'S WAY OWNERS ASSOCIATION, INC.

Article I DEFINITIONS

The words defined in the Declaration of Covenants, Conditions, and Restrictions for Chelsea's Way of Record in the Register's Office for Robertson County, Tennessee shall have the same meaning in these By-Laws.

Article II NAME AND OFFICES

1. **Name.** The name of the Association for all Lot Owners within the Development Property shall be Chelsea's Way Owners Association, Inc.

2. **Registered Office and Agent.** The initial registered office of the Association is Chelsea's Way Owners Association, Inc. c/o Synergy Real Estate Group, 179 Belle Forest Circle, Suite 302, Nashville, TN 37221, Attn: _____, as may be relocated by the Board from time to time. The name of the initial registered agent of the Association is _____, who may be located at the registered office.

3. **Other Offices.** The Association may also have offices at such other places both within and outside the State of Tennessee as the Board may from time to time determine or the business of the Association may require.

Article III MEMBERS AND PRIVILEGES

1. **Eligibility and Membership.** The Members of the Association shall consist of the Owners of a Lot within the Development Property. If an Owner is a trust, then the Member shall be a beneficiary of such trust; and if an Owner or such a beneficiary is a corporation or partnership, the Member may be an officer, partner, or employee of such Owner or beneficiary. No Member shall be required to pay any consideration whatsoever solely for membership in the Association.

2. **Succession.** The membership of each Owner shall terminate when he ceases to be an Owner, and upon sale, transfer, or other disposition of his ownership interest in the Development Property, his membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest.

Article IV
MEETINGS OF MEMBERS

1. **Annual Meetings.** The first regular annual meeting of the Members may be held, subject to the terms hereof on any day, at the option of the Board; provided, however, that the first meeting may (if necessary to comply with Federal Regulations) be held no later than the earlier of the following events: (a) four (4) months after all the Lots within the Development Property have been sold by the Declarant or (b) five (5) years following conveyance of the first Lot within the Development Property by the Declarant. Each subsequent regular annual meeting of the Members shall be held within twenty-five (25) days of the anniversary of the first regular annual meeting each year thereafter at such time as set by the Board.

2. **Special Meeting.** Following the Appointment Period, special meetings of the Members, for any purpose or purposes, may be called by the president, a majority of the Board, or by Members having not less than sixty-seven percent (67%) of the total Vote entitled to be cast at such meeting, except as otherwise required by Tennessee statute, the Declaration, or these By-Laws. Business transacted at all special meetings shall be confined to the business stated in the notice of such meeting. During the Appointment Period, special meetings of the Members, for any purpose or purposes, may only be called by the Declarant.

3. **Place and Time of Meetings.** Meetings of the Members of the Association may be held at a place and at such time to be determined by the Board within Robertson County, Tennessee as specified in the written notice of such meeting.

4. **Notice.** At the direction of Declarant, president, secretary, or other officer or Person authorized to call the meeting, written notice shall be sent to every Member of the Association entitled to Vote at such meeting by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, or facsimile or electronic transmission to the address or other contact information provided to the Board by the Owner or in the event no separate address or other contact information has been provided, then by prepaid U.S. Mail or hand delivery to the Owner's Lot not less than ten (10) nor more than sixty (60) days prior to the date of such meeting. Said notice shall state the place, day, and hour of the meeting and in the case of a special meeting, the purpose(s) for which the meeting is called.

5. **Quorum.** The presence in person or by proxy of at least thirty-five percent (35%) of the Votes entitled to be cast at a meeting of the Members shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, the Members entitled to Vote in person or represented by proxy present at a meeting fail to satisfy a quorum, the Members present shall have the power to adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. Further, if a quorum is not present, a subsequent meeting may be called, and the required quorum shall be reduced by ten percent (10%) at such meeting. Such procedure may be repeated until a quorum is established, although in no event may the

required quorum be less than fifteen percent (15%) of the Votes entitled to be cast at a meeting of the Members.

6. **Majority Vote; Withdrawal of Quorum.** When a quorum is present at any meeting, the majority Vote of Members present, in person or by proxy, and entitled to Vote shall decide any question brought before such meeting, unless the question is one upon which by express provision of an applicable Tennessee statute, the Declaration, or these By-Laws, a different Vote is required, in which case such express provision shall govern and control the decision of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding withdrawal of enough Members to leave less than a quorum.

7. **Method of Voting; Proxies.** Each Member shall be entitled to cast one (1) Vote each Lot owned by such Member as further provided in the Declaration. The Vote of each Member may only be cast by such Member or by a proxy duly executed and given by such Member to his authorized representative as set forth on such proxy. No proxy shall be valid for more than one meeting and shall bear the signature of the Member making the proxy, the date of the meeting to which the proxy relates, and the name of the authorized representative to Vote on behalf of the Member. Such proxy may not be revoked except by actual notice to the Person presiding over the meeting for which the proxy relates; and such proxy is void, if it is not dated or purports to be revocable without notice. Such proxy shall be filed with the secretary prior to or at the time of the meeting. If title to any property ownership interest in a Lot of the Development Property entitling the Member to Voting rights as provided in the Declaration is in the name of two or more Persons as co-owners, all such Persons shall be Members of the Association, referred to herein as a "Joint Member." Any such Joint Member is entitled to one unanimous Vote per entitled Member as provided in the Declaration at any meeting of the Members of the Association, and such Vote shall be binding upon the Joint Member until written notice to the contrary has been received by the Board identifying the authorized manner in which the Joint Member's unanimous Vote is to be cast (in person or by proxy). In the event of disagreement among such Joint Member to cast a Vote, such Joint Member shall not be recognized, and such Vote shall not be counted.

8. **Assessment Default.** No Owner who is in default in the payment of any Assessment or other duly levied charge shall be entitled to exercise his right to Vote until he has cured such default. An Owner may protest the amount of any Assessment or other duly levied charge, but it still must be paid during the pendency of his protest to the Association or its agent.

9. **Action Taken Without a Meeting.** The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of the number of members which would otherwise be required to approve such action. For instance, if an action required the approval of Members holding a majority of the total Voting rights of the members, then a writing signed by Members holding a majority of the total Voting rights of the Members would be effective as if such approval was given at a meeting duly called for such purpose. Any action so

approved shall have the same effect as though taken at a properly called meeting of the Members.

Article V **BOARD OF DIRECTORS**

1. **Board Authority and Number.** The affairs of the Association shall be managed by a Board of Directors. During the Appointment Period, the members of the Board, who need not be Members of the Association, shall be appointed by the Declarant and shall serve at the pleasure of the Declarant. After the Appointment Period, the Board shall consist of no fewer than three (3) nor more than seven (7) directors each of whom must be a member of the Association or be the Declarant, its assignee or officer, agent, or representative thereof.

2. **Election.** After the Appointment Period, the election of the members of the Board to be elected for a particular year shall occur at the annual meeting of the Members. The election of the Board by the Owners shall be based on the number of Persons receiving the highest number of Votes for as many candidates as there are Directors being elected at a meeting of the Owners at which a quorum is present. Cumulative Voting is not permitted.

3. **Nomination.** Nomination for election to the Board shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

4. **Term of Office.** Directors shall be elected for terms of two (2) years or until their successor is elected. Provided, however, the initial Directors elected by the Members after the Appointment Period shall be grouped into two (2) separate classes so that approximately one-half of total number of initially elected Directors are up for re-election each year. Thus, as to such initial Directors elected by the Members, the one-half of the Directors (or the minority if there is an odd number of Directors) receiving the fewest number of Votes will serve a one (1) year term, and the other one-half of the Directors (or the majority if there is an odd number of Directors) receiving the highest number of Votes will serve for a two (2) year term.

5. **Vacancies.** If any vacancy occurs in the Board, caused by death, removal from office, retirement, resignation or disqualification, a successor(s) shall be elected by majority vote of the remaining Directors for the unexpired term of his predecessor in office. Any Director who ceases to be a Member of the Association during such Director's term

in office shall cease being a Director effective with such change, and such Director's successor shall be selected by the remaining Members of the Board.

6. **Director Removal by Board Members.** Any Director may be removed from office with or without cause by the majority vote of the Directors, who shall elect a successor Director for the unexpired term of his predecessor in office by majority vote.

7. **Director Removal by Members.** Notwithstanding any provision to the contrary in the Declaration or these By-Laws, any member of the Board other than a member appointed by the Declarant may be removed with or without cause by majority Vote of all the Members of the Association.

8. **Place of Meetings.** The Board shall hold their meetings, both regular and special, in Robertson County, Tennessee or such other location as may be selected by unanimous consent of the Directors then elected and serving. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board. Special meetings of the Board may be called by the president or a majority of the Directors upon three (3) days written notice to each Director, either personally, by mail, by facsimile, or by other electronic transmittal. Except as may be otherwise expressly provided by Tennessee statute, the Declaration, or these By-Laws, neither the business to be transacted nor the purpose of any special meeting need be specified in a notice or waiver of notice.

9. **Quorum.** At all meetings of the Board, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the Directors present at any such meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Directors, the Directors present may adjourn the meeting by announcement at the meeting without notice until a quorum shall be present.

10. **Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

11. **Compensation.** No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

12. **Agents and Delegation of Powers.** Except as otherwise prohibited by statute, the Declaration, or these By-Laws, the Board may delegate any of its powers to other Persons or Management Agent. Any such delegated powers shall be identified in writing maintained in the records of the Association.

Article VI
BOARD POWERS AND DUTIES

1. **Powers.** The Board shall have the following powers subject to the provisions of the Declaration of the Association:

a. Enforce the Declaration; and adopt, enforce, and amend Rules and Regulations and/or other Governing Documents governing the use of the Development Property and facilities and the personal conduct of Owners and their guests thereon; and establish penalties for the infraction thereof.

b. Elect and remove the officers of the Association and declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.

c. Suspend the Voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment or other duly levied charge by the Association.

d. Make contracts and incur liabilities and borrow money for the purpose of repair or restoration of Common Areas that are the responsibility of the Association to repair or restore.

e. Regulate the use, maintenance, repair, replacement, or modification of Common Areas and formulate policies for administration, management, and operation of the Development Property and the Common Areas.

f. Cause additional Improvements to be made as a part of the Common Areas.

g. Grant easements, leases, licenses, and concessions through or over the Common Areas.

h. Appoint a Nominating Committee and any other desired committee of the Board and delegate to such committees the Board's authority to carry out certain duties of the Board or other such directives of the Board.

i. Assign the Association's right to future income, including the right to receive Assessments.

j. Exercise any other powers conferred by the Declaration and these By-Laws and exercise any other powers necessary and proper for the governance and operation of the Association and the administration of the affairs of the Association and Development Property.

k. Exercise all other powers that may be exercised in this State by legal entities of the same type as this Association.

2. **Duties.** The Board shall have the following Duties subject to the provisions of the Declaration of the Association.

a. Adopt and amend budgets for revenues, expenditures, and reserves; send notice of Assessments and any other duly levied charges to Owners; collect Assessments and any other duly levied charges from Owners; and impose charges for late payment of Assessments or other duly levied charges.

b. Determine the fiscal year of the Association and change said fiscal year from time to time as the Board deems necessary or appropriate.

c. Hire and discharge managing agents and independent contractors, other employees, and agents; and supervise all officers, agents, and employees of the Association to see that their duties are properly performed.

d. Comply with the instructions expressed in resolutions duly adopted at any regular or special meeting of Owners at such meeting.

e. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property.

f. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Areas and for services provided to Owners.

g. Impose reasonable charges for the preparation and recordation of amendments to the Declaration or the production of Association information and/or documents.

h. Impose reasonable charges for services rendered in connection with the transfer of a Lot.

i. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or any two (2) or more Owners on matters affecting the Development Property.

j. Foreclose the lien against any property for which Assessments or other duly levied charges are not paid or to bring an action at law against the Owner personally obligated to pay such amounts.

k. Provide for the indemnification of the Association's Officers and members of the Board and maintain liability insurance on such Directors and Officers.

I. Secure insurance policies as required or allowed by the Declaration, and in this regard, review the amounts of coverage afforded under such policies.

3. **Non-Delegation.** Nothing in these By-Laws shall be considered to grant to the Association, the Board or the officers of the Association any powers or duties which, by law, have been delegated to the Owners.

Article VII **OFFICERS**

1. **Enumeration of Offices.** The officers of the Association shall be a president, a secretary, and such other officers as the Board may from time to time create.

2. **Election of Officers.** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members. The officers shall be elected by the Directors from among the members of the Board.

3. **Term.** The officers of the Association shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4. **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

5. **Resignation and Removal.** Any officer may be removed from office with or without cause by the affirmative vote of a majority of the Board. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7. **Multiple Offices.** The offices of secretary and treasurer may be held by the same Person. No Person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to this Article.

8. **Compensation.** The Board shall have the right, but not the obligation, to establish salaries or other compensation for Officers of the Association. The salaries of all officers of the Association shall be fixed by the Board but shall never be greater than an amount equal to the Common Assessment due per Owner for that Assessment Year. A person holding multiple offices may only collect a salary for one (1) office.

9. **President.** The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Members and the Board. The president shall have general and active management of the affairs of the Association shall see that all orders and resolutions of the Board are carried into effect and shall perform such other duties as the Board shall prescribe. The president may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

10. **Vice-President.** The vice-president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

11. **Secretary.** The secretary shall attend all sessions of the Board and all meetings of the Members and shall record all votes and the minutes of all proceedings. The secretary shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board and shall perform such other duties as may be prescribed by the Board or president. If the secretary is not able to perform any duty as herein or otherwise provided, it is the sole responsibility of the secretary to delegate such duties until such time that the secretary resumes these duties. The secretary may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

12. **Treasurer.** The treasurer shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements of the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The treasurer shall disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements. At the regular meetings of the Board or whenever they may require it, the treasurer shall render to the president and Board an account of all transactions of the treasurer and of the financial condition of the Association. The treasurer shall perform such other duties as the Board may prescribe.

Article VIII

MISCELLANEOUS PROVISIONS

1. **Reserves.** The Board shall provide for such reserves as the Directors, in their discretion, determine proper to provide for contingencies, to repair or maintain any portion of the Development Property, or for such other purpose as the Directors determine beneficial to the Association.

2. **Checks.** All checks or demands for money and notes of the Association shall be signed by such officer(s) or such other Person(s) as the Board may designate.

3. **Books and Records.** Except for confidential, non-public information of the Association or that affecting the privacy rights of third parties or otherwise subject to confidentiality or non-disclosure protections or objections under any basis, the books and records of the Association are subject to inspection at the principal office of the

Association by any Owner during reasonable business hours and upon five (5) business days prior written notice. Copies of such records may be purchased at a reasonable cost.

4. **Amendment.** Except as otherwise provided herein, the provisions of these By-Laws may be changed, modified, or amended upon the affirmative Vote of more than fifty percent (50%) of the Members present at a duly called meeting of the Association or the affirmative written consent of such percentage of the Members at which a quorum is present unless a higher percentage Vote is required elsewhere in these By-Laws, the Declaration, or by Tennessee statute. However, any such change, modification, or amendment that would change or delete any right, remedy, benefit, or privilege afforded to the Declarant under this Declaration shall require the verified written consent of the Declarant upon such instrument in order to be effective.

5. **Indemnification.** The Association shall indemnify any current or former Director, officer, or employee of the Association against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments, in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer or employee (whether or not a Director, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters in which he shall have been adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of his duty. The Association may also reimburse to any Directors, officer, or employee the reasonable costs of settlement of any such action, suit, or proceedings; if it shall be found by a majority of the Directors not involved in the matter of controversy, whether or not a quorum, that it was in the interest of the Association that such settlement be made and that such Director, officer, or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer, or employee may be entitled by law or under by-law, agreement, Vote of Members, or otherwise.

6. **Inconsistencies.** In the event, these By-Laws shall be inconsistent with the Declaration, then the Declaration shall be controlling.

7. **Headings.** The headings used in these By-Laws have been inserted for administrative convenience only and do not constitute matters to be construed in interpretation.

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CERTIFICATION

The undersigned hereby certifies that the foregoing By-Laws were duly executed and adopted by the Declarant on the _____ day of _____, 20_____.

DECLARANT:

**Century Communities of Tennessee, LLC,
A Delaware Limited Liability company**

By: _____

Print
Name: _____

Its: _____